

## AB1629

### Quality and Accountability Supplemental Payment (QASP) Program Frequently Asked Questions

**1. Performance Period and Measure Publication:** It was recommended that the state change the performance period to the calendar year and that for future years, the state should publish timely and specific benchmarks for facilities to attain in order to qualify for supplemental payments.

**CDPH/DHCS:** *The base period was established by Welfare and Institutions Code 14126.022 (a) (4) (E) as fiscal year 2011-12. In turn, we have aligned the performance period with the base period, from July 1<sup>st</sup> through June 30<sup>th</sup>, of each year for the best comparability between the base period and future performance periods.*

*CDPH commits to announcing the performance measures before the beginning of the performance period. However, it will be unable to define targeted benchmarks for each measure before analysis of the prior period's data. As a general rule-of-thumb, facilities can be assured that the State's goal is to provide financial incentives to all those facilities that are performing at an above average rate and each set of targeted benchmarks will reflect that commitment.*

**2. Disqualification for 3.2 Staffing:** There was objection to the exclusion of facilities with a single audited day of non-compliance. Comments were shared that when the audit is issued, a facility is not being informed that it is excluded from the QASP Program because of a single day of non-compliance. Therefore, the facility does not know there is an adverse fiscal consequence from the audit. As such, there is no reason for a facility to seek an appeal, because it is not subject to any penalties. Second, it was stated that CDPH does not have a mechanism in place for a facility to appeal such a finding nor does it have access to the CDPH audit findings and that there is no administrative remedy for a facility to test the validity of a CDPH finding. Since the financial consequences to a facility are significant, it should be given notice and the ability to pursue appeal.

There was a recommendation that the bar should be set to disqualify a facility that has been issued a penalty for failure to staff at 3.2 hours per patient day during the performance period and that the base period should not be considered for disqualification. In addition, it was recommended that provisions be included in the program to pay supplemental payments to facilities that successfully appeal their 3.2 penalties.

**CDPH/DHCS:** *Compliance with 3.2 Nursing Hours Per Patient Day (NHPPD) is the minimum qualification for QASP supplemental payment. There is no acceptable level of non-compliance. It is true that one day non-compliance does not require an administrative penalty, since it is below the 5% non-compliance threshold for administrative penalties, and therefore is not subject to the appeal process. During the*

*audit process, CDPH auditors ask for additional forms and documentation from the facility to ensure a complete and thorough audit. At the exit interview, the facility is given CDPH's preliminary findings, which do indicate any days below the 3.2 NHPPD. CDPH notes concerns that facilities may not understand that even one day of non-compliance disqualifies them for QASP supplemental funding; CDPH will instruct the auditors to clearly inform the facilities during the exit conference when there is a possibility of non-compliance (for one or more days).*

**3. Disqualification for A or AA Citations:** It was stated that CDPH should clarify that the A or AA citations should be for an incident that occurred during the performance period, not the issuance of a citation during the performance period. It was also stated that it is illogical to exclude facilities from supplement payments for incidents that were two to three years prior to the performance period and that facilities should not be punished because of CDPH's failure to issue and investigate incidents in a timely manner.

It was recommended that exclusions must be for A or AA citations issued for an incident that occurred during the performance period and that provisions should be included in the program to pay supplemental payments to facilities that successfully appeal their A or AA citations.

**CDPH/DHCS:** *The state agrees that facilities should be excluded for incidents that trigger citations occurring only during the performance period, but this will require a complicated process of reconciliation. If a facility initially qualifies for a supplemental payment, but ends up receiving a citation the following year for an event that occurred during the year for which they received the supplemental payment, we would reconcile the amount received, depending on the outcome of the appeal. Often citations are issued in a different year than the incident; in general, the timing of this might more commonly serve less to pre-emptively disqualify facilities for future funding but to require the re-payment or adjustment of current or prior year supplemental payment.*

**4. Evaluation of 3.2 Audit Process:** It was suggested that the staffing audit process must be subject to the same test for reliability and validity as the other Quality Measures. It was also stated that the validity of the process is questionable given varied results obtained by field auditors that require further extensive "QA review" by CDPH. Additionally, it was shared that major holidays are not fully accounted for in the process and that this places facilities that receive audits during major holiday periods at a disadvantage. Finally, the audit and appeal process results in a determination of whether a facility followed the "counting rules" as detailed in the All Facilities Letter, 11-13, and fails to access other factors, such as clinical records, that would demonstrate compliance.

It was recommended that the 3.2 audit process should be reviewed by the Health Services Advisory Group for reliability and validity as a quality measure.

**CDPH/DHCS:** Every staffing audit with a finding of non-compliance is subjected to a quality assurance review by CDPH QA staff and attorneys to ensure quality and consistency in enforcing the requirements. In addition, a convenience sampling of all audits, regardless of compliance or noncompliance, undergoes a quality assurance review by CDPH. The frequency of "QA Review" reflects CDPH's commitment to fair, valid and reliable findings.

*In order for a truly random sampling to take place, facilities must be audited during holiday periods. Because there is no special allowance for a reduction or exception for holiday periods allowed by Health and Safety Code 1276.5 (a), the state is not in a position to grant one.*

**5. Percentiles for Benchmarks:** DHCS set the first benchmark per measure at the 50<sup>th</sup> percentile and the second tier at the 75<sup>th</sup> percentile.

It was suggested that the second benchmark be set at the 66.7<sup>th</sup> percentile.

**CDPH/DHCS.** *Setting the benchmark at the 75<sup>th</sup> percentile provides an incentive for quality improvements to a greater number of facilities and allows them to receive a greater increase in their supplemental payment when moving from Tier 2 to Tier 3. By lowering the benchmark to the 66.7 percentile it places a greater number of facilities into the top tier, eliminating the incentive for more facilities to make quality improvements since they are already in the top tier and receiving a full supplemental payment. Additionally, using preliminary estimates, the increase in the average supplemental payment for a facility moving from Tier 2 to Tier 3 would decrease by 14%.*

**6. Point Allocation:** DHCS proposed that points should be divided equally among each major quality measure, with the exclusion of staffing; staffing would only be used as a gateway into the QASP Program.

It was recommended that staffing should be a quality indicator and that 25 points be allocated to each facility that meets that 3.2 benchmark. The other quality indicators should be adjusted to 25 points each.

**CDPH/DHCS.** *The 3.2. NHPPD is the minimum staffing standard required by law for Skilled Nursing Facilities (SNF). The reimbursement rate for SNFs accounts for the cost of staffing and an additional add-on to their regular reimbursement was provided to these facilities in 2000 to aid in the additional cost of meeting the NHPPD. Of the 1095 SNFs, in the baseline year (FY 2011-12), 14 do not meet the 3.2 NHPPD required by law. Awarding points for staffing lessens the weight of the other measures where there is room for quality improvement and where the departments believe the supplemental payment program is most appropriately focused. Additionally, by using staffing as a quality measure and awarding 25 points the payout per Medi-Cal Bed Day (MCBD) in Tier 3 decreases from \$8.55 to \$4.54, the number of SNFs receiving a QASP payment increases from 330 to 545, and the average payout per SNF decreases from \$109K to \$66K .*

**7. Payout Example:** DHCS proposed a three-tiered approach and payments based on Medi-Cal patient days where the facilities receiving the Tier 3 payments would receive double the payment received by facilities in Tier 2. It was stated that this methodology unfairly results in 48 percent of the total payment being awarded to facilities representing only 12 percent of the total MCBDS.

It was recommended that MCBDS payments to Tier 3 should be 50% more than Tier 2, not 100%.

**CDPH/DHCS:** *DHCS and CDPH agree with the recommendation and will change the methodology for Tier 3 MCBDS payments to be 50% more than Tier 2.*

**8. Other Payment Options, Non-cumulative Scoring:** DHCS proposes a cumulative scoring payment proposal across performance measures.

A counter proposal supported the option that supplemental payments would be made for each measure score vs. an overall score. It was stated that this option provides for the flexibility for a facility with limited resources to focus and strive to improve on individual quality measures when resources may not be available to focus on all measures.

It was recommended that the state adopt non-cumulative scoring and that this is the most understandable, fair and measurable approach.

**CDPH/DHCS:** *The Three Tiered with Improvement Scoring methodology is a balanced approach that provides rewards for good performers, provides even higher rewards for high performers, and incentivizes low performers to improve. Applying the Non-cumulative scoring methodology would result in approximately 98.6% of facilities receiving a QASP supplemental payment and the higher performers would receive a lower payment than under other scoring options. Rewarding such a large percentage of facilities goes against the intent of the QASP supplemental payment program which is to reward facilities with higher quality and incentivize quality improvement.*



Quality and Accountability Supplemental Payment Scoring									
Payment Tier	Point Range	Previously Presented					Revised		
		Top Tier Double Payout					Top Tier 1 1/2 Payout		
		# of SNFs	Payout per MCB	Total MCBs per Tier	Total Payout per Tier	Ave Payout per SNF	Payout per MCB	Total Payout per Tier	Ave Payout per SNF
Tier 0 <sup>1</sup>		346	\$0.00	5,811,700	\$0	\$0	\$0.00	5,811,700	\$0
Tier 1	0 – 49.9	419	\$0.00	10,280,958	\$0	\$0	\$0.00	10,280,958	\$0
Tier 2	50 – 66.6	211	\$4.28	4,381,696	\$18,753,659	\$88,880	\$4.86	4,381,696	\$21,295,043
Tier 3	66.7-100	119	\$8.55	2,019,628	\$17,267,819	\$145,108	\$7.29	2,019,628	\$14,723,088
Total Receiving Payment		330				\$109,156			\$109,146
		30.14%							

<sup>1</sup>Tier 0 includes facilities ineligible for QASP payment due to non-compliance with 3.2 NHPPD, AA/A citations, 0 MCB, or missing MDS data.

#### Quality Measure Scoring:

For each MDS Measure that a facility reached the mean (benchmark), the facility received half the possible points.

If a facility reached the 75 percentile, the facility received the full points for that MDS measure.

All facilities were included in calculating the benchmark and 75 percentile.

No points were awarded for meeting the 3.2 NHPPD requirement, however facilities that did not meet the NHPPD will not receive payment.

#### Payment:

Facilities with AA/A citations, Any days of non-compliance with the 3.2 NHPPD requirement, or facilities with no MCBs will not receive a payment.

For purposes of this estimate, the 58 facilities with missing MDS measure data were removed.

Total Payout \$36M



Quality and Accountability Supplemental Payment Scoring														
Tiered Approaches:			Top Percentile at 75					Top % at 75 with Staffing						
			Payment Tier	Point Range	# of SNFs	Payout per MCB	Total MCBs per Tier	Total Payout per Tier	Ave Payout per SNF	# of SNFs	Payout per MCB	Total MCBs per Tier	Total Payout per Tier	Ave Payout per SNF
Tier 0 <sup>1</sup>					346	\$0.00	5,811,700	\$0	\$0	346	\$0.00	5,811,700	\$0	\$0
Tier 1			0 – 49.9		419	\$0.00	10,280,958	\$0	\$0	204	\$0.00	5,221,213	\$0	\$0
Tier 2			50 – 66.6		211	\$4.28	4,381,696	\$18,753,659	\$88,880	309	\$2.27	7,063,535	\$16,034,224	\$51,891
Tier 3			66.7-100		119	\$8.55	2,019,628	\$17,267,819	\$145,108	236	\$4.54	4,397,534	\$19,964,804	\$84,597
Total					330				\$109,156	545				\$66,053
Receiving Payment					30.14%					49.77%				

<sup>1</sup>Tier 0 includes facilities ineligible for QASP payment due to non-compliance with 3.2 NHPPD, AA/A citations, 0 MCB, or missing MDS data.

#### Quality Measure Scoring:

For each MDS Measure that a facility reached the mean (benchmark), the facility received half the possible points.

If a facility reached the top percentile, the facility received the full points for that MDS measure.

All facilities were included in calculating the benchmark and 75 percentile.

In the Top Percentile at 75 estimate, no points were awarded for meeting the 3.2 NHPPD requirement, however facilities that did not meet the NHPPD will not receive payment. In the Top % at 75 with staffing estimates, 25 points were awarded for meeting the 3.2 NHPPD requirement.

#### Payment:

Facilities with AA/A citations, Any days of non-compliance with the 3.2 NHPPD requirement, or facilities with no MCBs will not receive a payment.

For purposes of this estimate, the 58 facilities with missing MDS measure data were removed.

Total Payout \$36M